

Message Text

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C O N F I D E N T I A L ABU DHABI 1877

E.O. 11652: GDS

TAGS : BBAK, TC, SY

SUBJECT : ORBIT ACTIVITIES IN THE UAE

REF: (A) DAMASCUS 3424 (B) ABU DHABI 1812

BOWRUT PASS BAGHDAD

SUMMARY: EMBASSY OFFICERS DISCUSSED ORBIT ACTIVITIES IN UAE WITH BEHRUZIAN, ADVISOR TO SHAIKH HAMAD, RULER OF FUJAIRAH. IT APPARENT THAT ORBIT HAS LEFT TRAIL OF BAD DEBTS BEHIND IT WITH LITTLE HOPE OF PAYMENT. END SUMMARY.

1. ON FEBRUARY 5, 1975, JOHN SEVERSON, CHAIRMAN OF ORBIT EXPLORATION AND DEVELOPMENT LTD. (SUBSIDIARY OF ORBIT REFINING GROUP LTD., A CAYMAN ISLAND COMPANY) SIGNED AN ONSHORE OIL CONCESSION AGREEMENT WITH SHAPKH HAMAD, RULER OF FUJAIRAH. AGREEMENT FOLLOWED SEVERAL VISITS BY SEVERSON AND A SYRIAN NATIONAL, RAJAB ABDUL RAHMAN (PARA 2 REF A) WHO INTRODUCED SEVERSON TO HASHEM BEHRUZIAN, LONG TIME ADVISOR TO FUJAIRAH'S RULING FAMILY. SEPARATE DOCUMENT OBLIGATED ORBIT TO PAYMENT OF SIGNATURE BONUSES TO SHAIKH HAMAD (DOLLARS ONE MILLION), BEHRUZIAN (DOLLARS 250,000) AND ONE MOHAMMAD AZMI NASSER (DOLLARS 50,000) WITHIN SIXTY DAYS. ORIGINAL CHECKS, DRAWN ON MORGAN GUARANTY AND DATED APRIL 5 WERE RETURNED ON MAY 6 SINCE ORBIT HAD STOPPED PAYMENT. ON JUNE 8, CONFIDENTIAL

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1975 SHAIKH HAMAD AND SEVERSON MUTUALLY AGREED TO CANCELLATION

OF CONCESSION AGREEMENT. IN SEPARATE LETTER TO HAMAD, ALSO DATED JUNE 8, SEVERSON ACKNOWLEDGED HIS COMPANY'S OBLIGATION TO PAY SIGNATURE BONUSES.

2. WHAT SHAIKH'S ADVISOR'S DID NOT TELL US BUT CAN BE DEDUCED FROM DOCUMENTS THEY GAVE TO US IS THAT 150,000 BPD EXPORT REFINERY WAS ALSO DISCUSSED AND MAY HAVE FORMED PART OF PACKAGE DEAL. REFINERY WAS TO BE 51-49 JOINT VENTURE BETWEEN FUJAIRAH AND ORBIT EXPLORATION. ORIGINALLY CRUDE OIL WAS TO BE PURCHASED FROM IRAQ ON CONCESSIONAL TERMS, BUT FOR SOME REASON, DEAL WAS NEVER CONCLUDED. WITHOUT CRUDE CONTRACT IN HAND, FINANCIAL SUPPORT FOR ORBIT (BLYTH, EASTMAN, DILLON) WAS WITHDRAWN. IT NO WONDER THAT ORBIT STOPPED PAYMENT ON CHECKS.

3. IN EARLY JUNE SEVERSON EXPLAINED TO HAMAD THAT WITHOUT REFINERY, HIS ORBIT REFINING GROUP NOT PARTICULARLY INTERESTED IN FUJAIRAH CONCESSION. IN LAST DITCH EFFORT, SEVERSON AND HAMAD APPROACHED ABU DHABI FOR SALE OF CRUDE AND CONSTRUCTION OF PIPELINE TO FUJAIRAH. SEVERSON WANTED 37 PERCENT DISCOUNT FROM POSTED PRICE WHICH ABU DHABI REFUSED TO GRANT. THEREFORE HAMAD AND ORBIT MUTUALLY AGREED TO CANCELLATION OF CONCESSION.

4. NEEDLESS TO SAY, SIGNATURE BONUSES HAVE NEVER BEEN PAID NOR HAS SEVERSON BEEN HEARD FROM OR SEEN SINCE JUNE 8. BEHRUZIAN STATES SHAIKH HAMAD REALIZES PAYMENT NOT FORTHCOMING AND DOES NOT WISH TO PURSUE THE MATTER.

5. FOR DAMASCUS. BEHRUZIAN DISMISSES AS RIDICULOUS HADDAD CLAIM THAT HE SPENT DOLLARS 20,000 OF HIS OWN MONEY.
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